



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

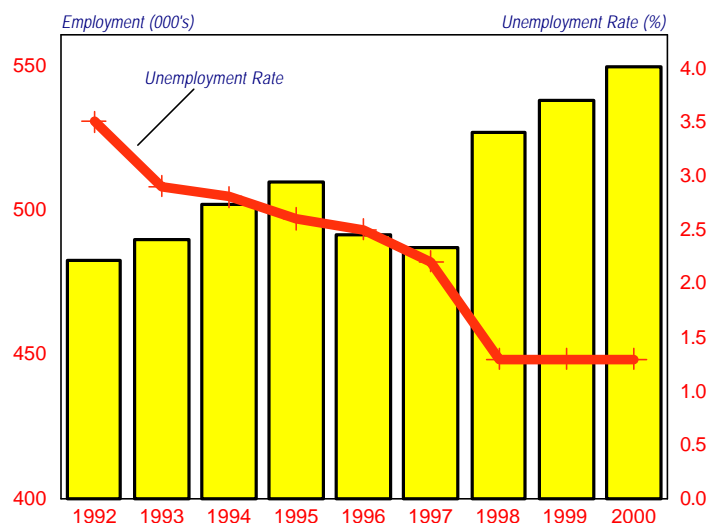
Publication 95

MAY 2000

MAY HIGHLIGHTS

- ❑ April unemployment in Virginia has never been lower in peacetime.
- ❑ The volume of new home sales is mixed across housing type. New condominium sales are down sharply, single family homes show a modest decline, and the sales of new townhouses are up.
- ❑ Fairfax County's May sales tax receipts are up 14.7 percent over last May.
- ❑ The Federal Reserve Board raised interest rates a half percentage point in May, the third increase this year.
- ❑ Consumer Confidence is up sharply in May.
- ❑ Reflecting the sound economy, the Fairfax Coincident Index gained 1.2 percent in March and has grown 5.0 percent over in the last 12 months.
- ❑ The Fairfax Leading Index grew 0.50 percent in March; however, the index is up only 0.1 percent over March 1999, suggesting slower economic growth ahead.

RESIDENTIAL EMPLOYMENT - APRIL



Source: Virginia Employment Commission
Compiled by the Fairfax County Dept. of Management and Budget



In April, the County's unemployment rate fell 0.1 percent for the second consecutive month. The April rate dropped to 1.3 percent from 1.4 percent in March, according to the Virginia Employment Commission (VEC). This rate represents no change from April 1999 and April 1998 when the unemployment rate was also 1.3 percent. According to the VEC, the number of Fairfax County residents employed increased by 4,176 from March to April.

The Statewide unemployment rate dropped to 2.3 percent in April from 2.5 percent in March. The VEC noted that unemployment in Virginia has never been lower in peacetime. In addition, new claims for jobless benefits are again at record low levels, suggesting continued low unemployment in the near future.

Although the labor market in Fairfax County and the State is clearly at its strongest level in years, low unemployment figures in April are not unusual. April frequently has the lowest unemployment rate of the year due to high construction employment levels and an influx of tourists. May and June unemployment levels are usually higher because of graduations, although the VEC notes that this year's job market for graduates is extremely good.

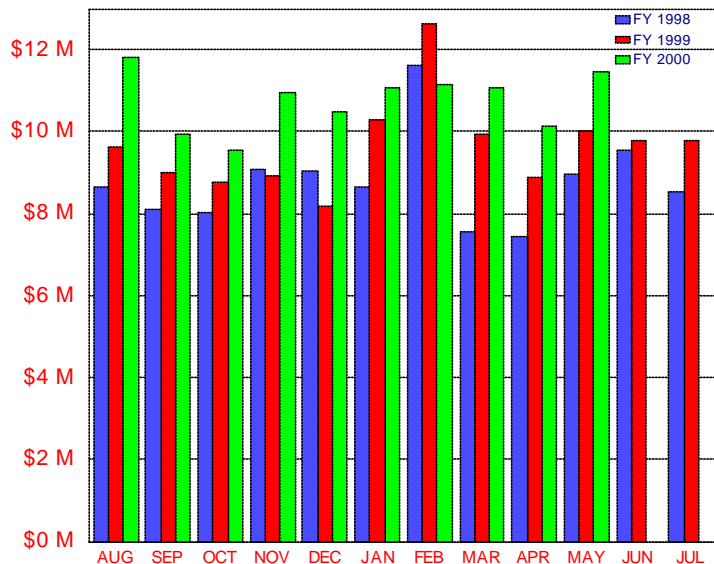
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/economic/economic.htm>



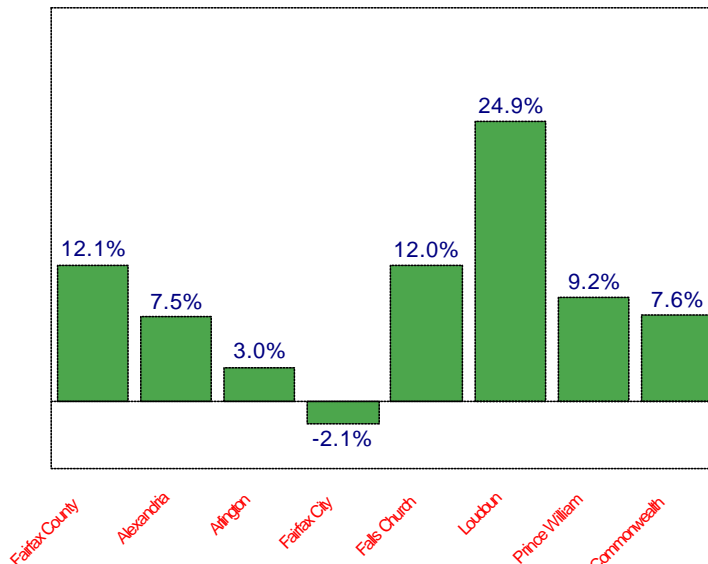
SALES TAX REVENUES

(revenues represent retail sales two months prior)



Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

FY 2000 SALES TAX RECEIPTS THROUGH MAY



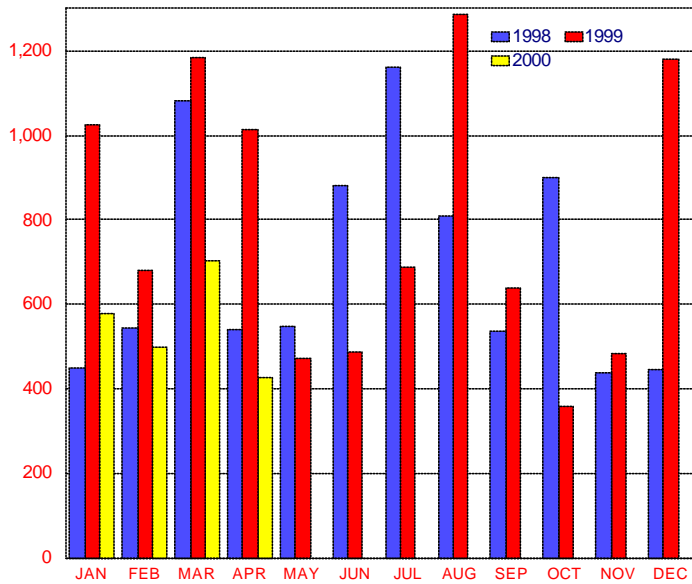
Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

Retail spending in Fairfax County continues to show strong growth. May Sales Tax receipts, representing retail purchases made in March, increased 14.7 percent, or \$1.5 million, over May 1999. Year-to-date collections total \$107.7 million and exceed the same period last year by 12.1 percent.

Nationally, seasonally adjusted advanced retail sales estimates for May are down 0.3 percent from April, but up 7.4 percent from May 1999, according to the Commerce Department. Durable goods sales dropped 1.0 percent from April, but are up 5.9 percent over this month last year. Furniture sales were up 9.9 percent from May 1999, and automobile sales rose 5.0 percent during the same time period. May nondurable goods increased 0.2 percent over April and 8.6 percent over May 1999. Due to the continued rise of fuel prices, May retail sales at gas stations were up 21.3 percent from last year.

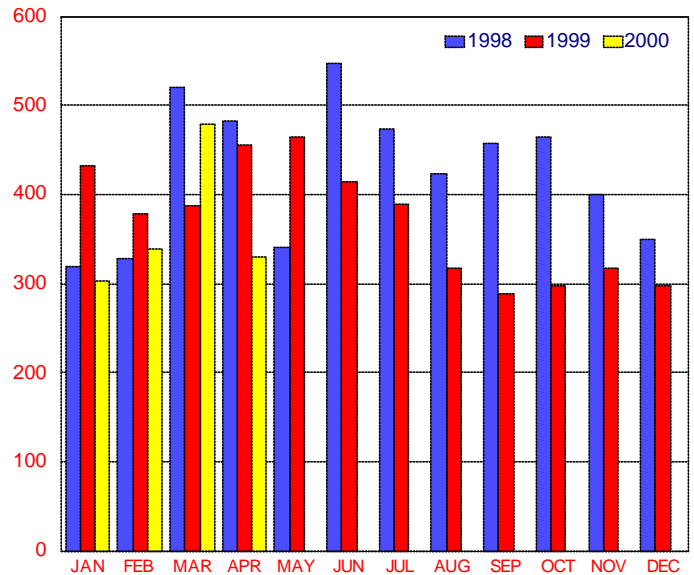
Loudoun County's growth in Sales Tax receipts continues to outpace Fairfax County's growth by a 2:1 margin. Sales Tax receipts for the first 10 months of FY 2000 are up 12.1 percent in Fairfax County and 24.9 percent in Loudoun County, according to data from the Virginia Department of Taxation. Most other Northern Virginia localities have experienced more moderate growth. Sales Tax receipts received through May are up 3.0 percent in Arlington, 7.5 percent in Alexandria, 9.2 percent in Prince William, and 12.0 percent in Falls Church. Sales Tax receipts in Fairfax City continue to show negative growth during this period, falling 2.1 percent compared to the first 10 months of FY 1999. Sales Tax receipts in the Commonwealth are up 7.6 percent over the same period last year.

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



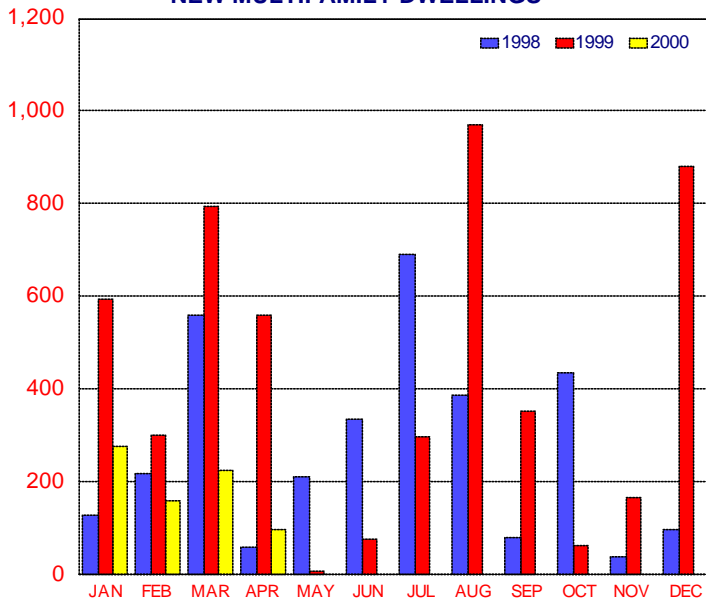
Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS



Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLINGS

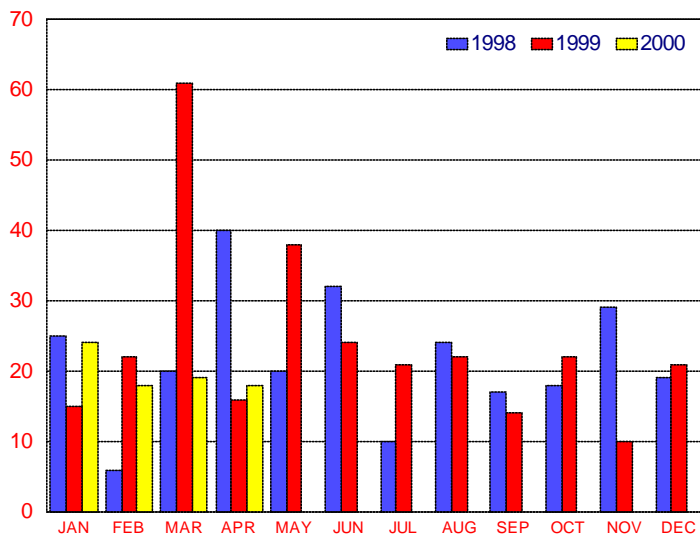


Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

New residential dwelling permits remain down through April, with year-to-date growth dropping 43.4 percent, or 1,694 permits, from the same period last year. Multifamily permits are driving the decline. To date, new multifamily residential dwelling permits are down 66.3 percent, or 1,490 permits, over the same period in 1999. Issues of single family residential dwelling permits through April 2000 decreased 12.3 percent from the first four months of 1999.

Although new dwelling permits have declined sharply, residential repair and alteration permits issued during the first four months of 2000 have shown tremendous growth over the same period last year. Through April, issues of residential repair and alteration permits have increased 111.7 percent, from 3,398 permits in April 1999 to 7,192 permits in April 2000.

NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES

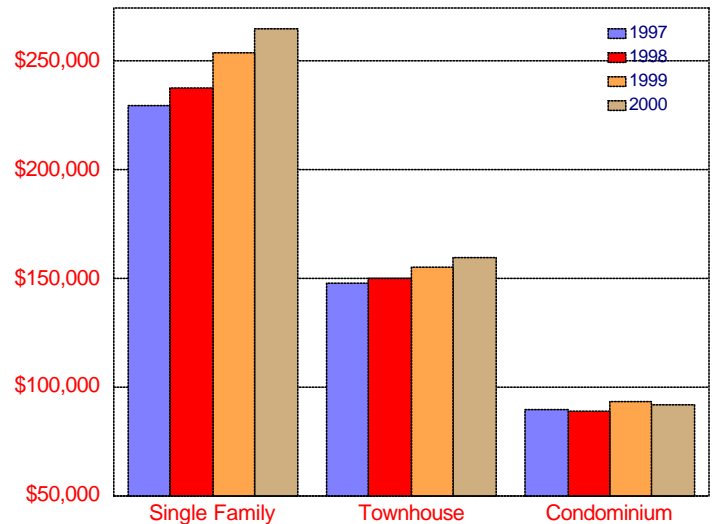


Source: Department of Public Works and Environmental Services
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through April are down 30.7 percent, or 35 permits, from the same period in 1999. Nonresidential repair and alterations permits, however, are up 17.5 percent, or 230 permits, over the same time period.

HOME SALES IN FAIRFAX COUNTY

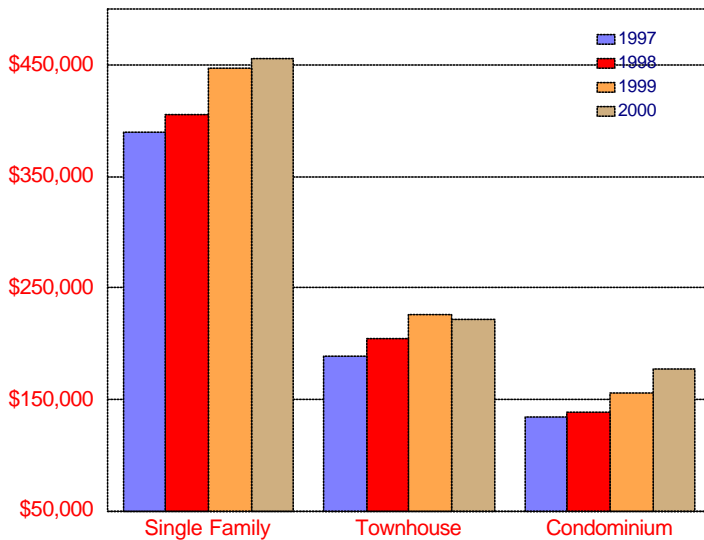
MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY-MARCH 2000 COMPARED TO ANNUAL MEDIAN PRICES 1997 - 1999



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Home sales data through the end of March 2000 indicate modest growth in the median selling prices of existing homes in Fairfax County. The median selling price of existing single family homes through March is \$265,000—growth of 4.5 percent over the 1999 median of \$254,000. For townhomes, the median is up 3.2 percent, or \$4,900, over the 1999 median selling price of \$155,000. The median selling price of condominiums, however, has fallen 1.1 percent to \$92,000 from \$93,000 in 1999.

**MEDIAN PRICE OF NEW HOMES SOLD
JANUARY-MARCH 2000 COMPARED TO
ANNUAL MEDIAN PRICES 1997 - 1999**

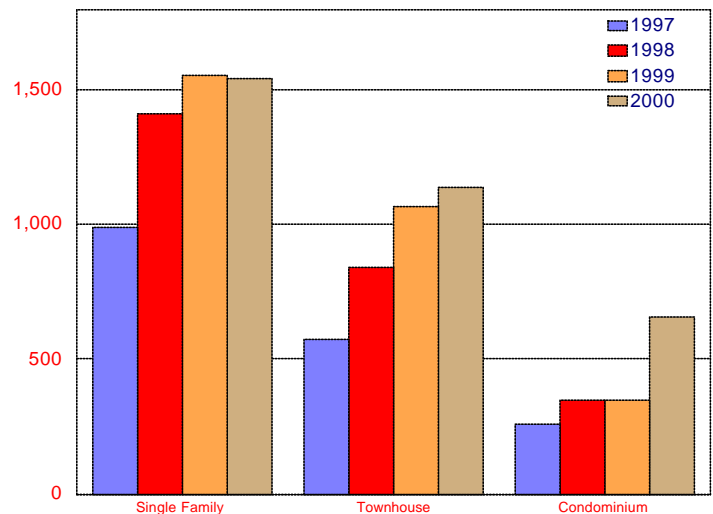


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Changes in selling prices, coupled with the volume of sales, are generally considered to be reasonable indicators of the County's real estate market. Median selling price increases do not translate directly into assessment adjustments, however, since the mix of homes sold is not necessarily reflective of the County's entire housing stock. Changes in median selling prices are comparisons to the prices of homes sold during the prior year, and the type of homes sold (i.e., model, size, age, location, etc.) varies from one year to the next. The key factor in real estate assessments is not the change in the median sale price, but the relationship of assessments to the selling prices within neighborhoods.

Sales data through March show that growth in median prices of new homes varies widely depending on the type of housing. New condominiums have seen growth in median sales price of 14.7 percent from \$155,155 in 1999 to \$177,880 this year. New single family homes have shown more modest growth—a 2.1 percent increase in median price from \$446,947 in 1999 to \$456,475 in 2000. The median selling price for townhomes, however, has dropped 2.3 percent to \$221,265 from \$226,520 in 1999.

**NUMBER OF EXISTING HOMES SOLD
JANUARY-MARCH 1997-2000**



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

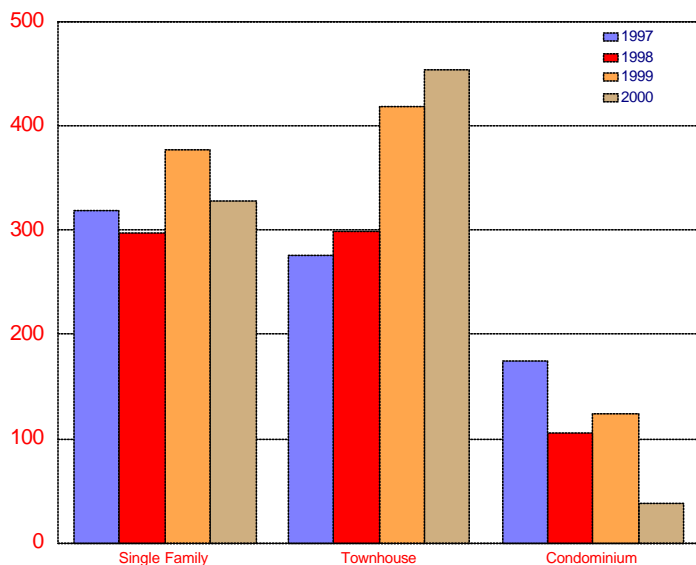
**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
YEAR-END 1999 COMPARED TO 2000 THROUGH MARCH**

	Existing Sales	New Sales
Single Family	4.5	2.1
Townhouse	3.2	-2.3
Condominium	-1.1	14.7

Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

During the first three months of 2000, growth in the volume of sales of existing condominiums has been impressive, while the sales volume for townhomes and single family homes has been moderate to negative. Through March, 660 existing condominiums sold, up 90.2 percent, or 313 units, from the same period in 1999. The number of existing townhomes sold through March increased 6.6 percent, or 70 units, to 1,139. Sales volume for existing single family homes, in contrast, fell 0.9 percent to 1,539 from 1,553 during this period last year.

NUMBER OF NEW HOMES SOLD JANUARY-MARCH 1996-2000

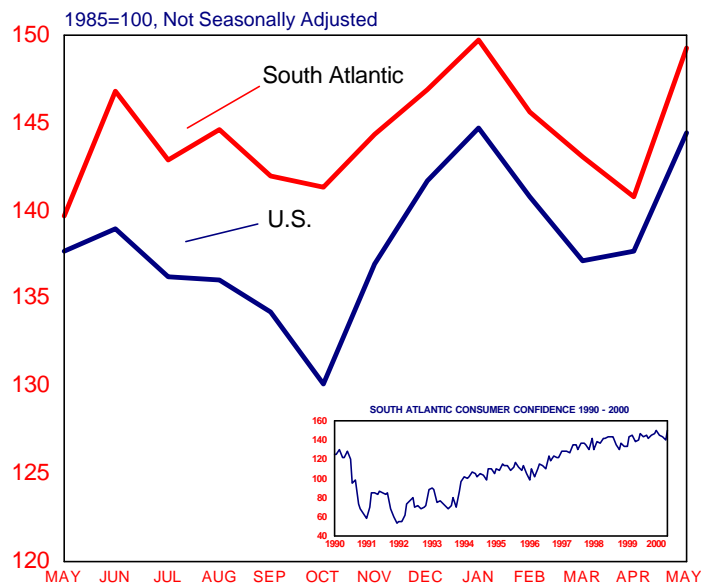


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

New home sales through March 2000 are mixed, with condominiums showing a sharp decline in volume, single family homes showing a modest decline, and townhomes increasing in volume sold. During the first three months of the year, new condominium sales volume dropped 69.4 percent from 124 units last year to 38. Single family homes dropped 50 units, or 13.3 percent, from 377 to 327. New townhomes experienced a modest increase in sales volume of 8.4 percent, from 418 units during this period last year to 453 units this year.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX

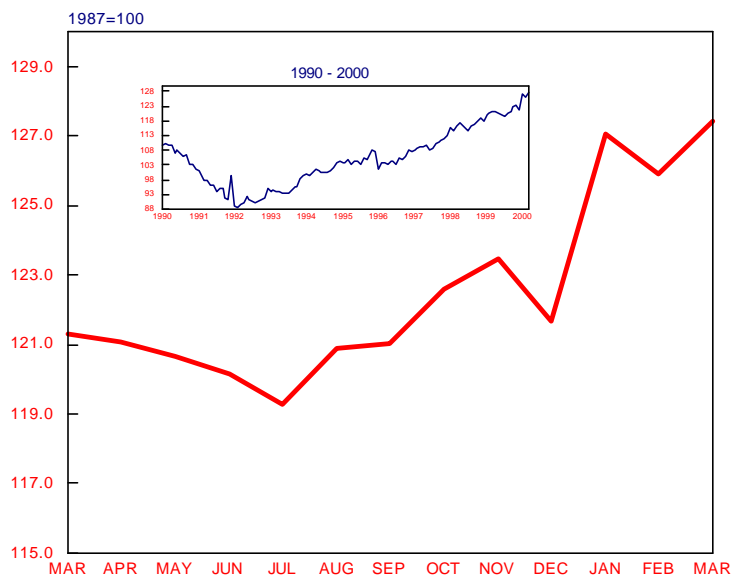


Source: Conference Board
Compiled by the Fairfax County Dept. of Management and Budget

The national Consumer Confidence Index rebounded sharply in May after falling dramatically in March and holding steady in April. Consumers' confidence in current economic conditions rose 1.8 percent from April, and their short-term outlook improved 8.2 percent. According to Lynn Franco, Director of The Conference Board's Consumer Research Center, consumer confidence should remain strong through the summer months. Record low unemployment and an optimistic short-term outlook should keep consumers' spirits high regardless of interest rate hikes and fluctuations in the financial markets. The national index now stands at 144.4, an increase of 4.9 percent from April 2000. The South Atlantic Consumer Confidence Index was 149.3 in May, a 6.0 percent increase over April 2000.

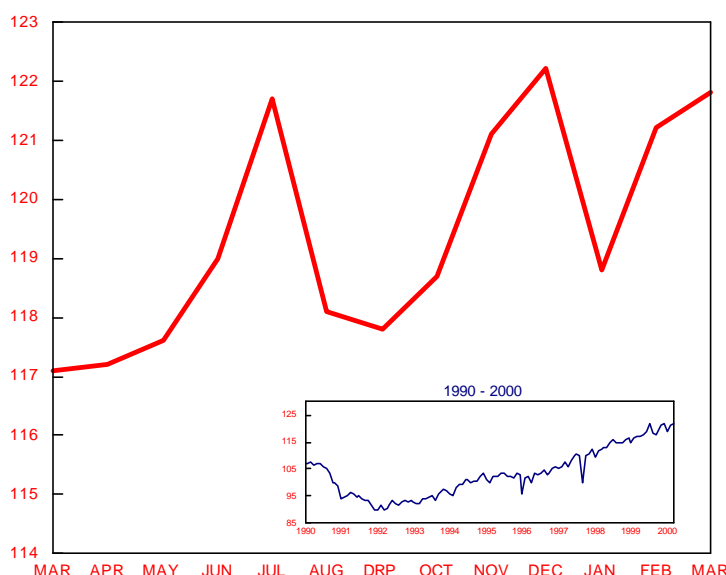
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices, which consider the Washington Metropolitan economy. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

FAIRFAX COUNTY COINCIDENT INDEX



Sources: Mason Enterprise Center, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

METROPOLITAN COINCIDENT INDEX



Source: Mason Enterprise Center, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

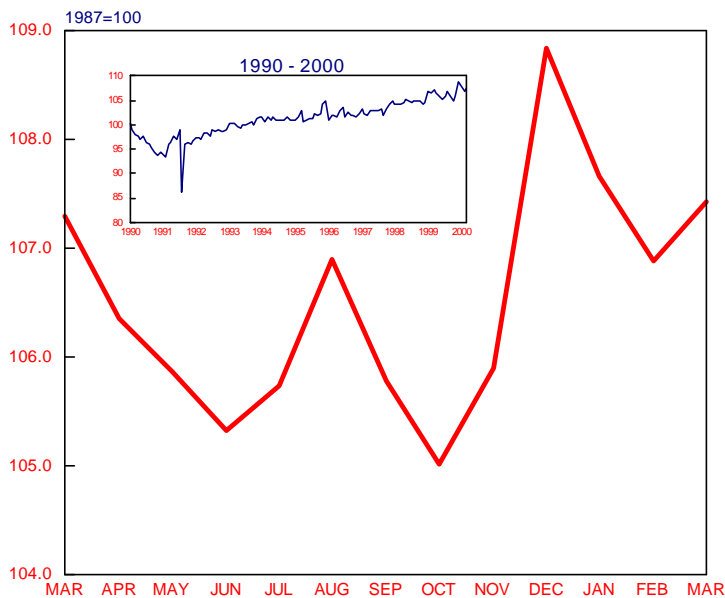
The Fairfax County Coincident Index, which represents the current state of the County's economy, increased 1.2 percent in March to 127.4. After two months of mixed performance, the index's performance in March suggests that the Fairfax economy has a firm foundation entering a period of growing uncertainty. Over the last twelve months, the index has grown 5.0 percent—growth reflective of the sound economy we are still experiencing. All four components of the index (sales tax collections, consumer confidence, transient occupancy tax collections, and total employment) were up this month.



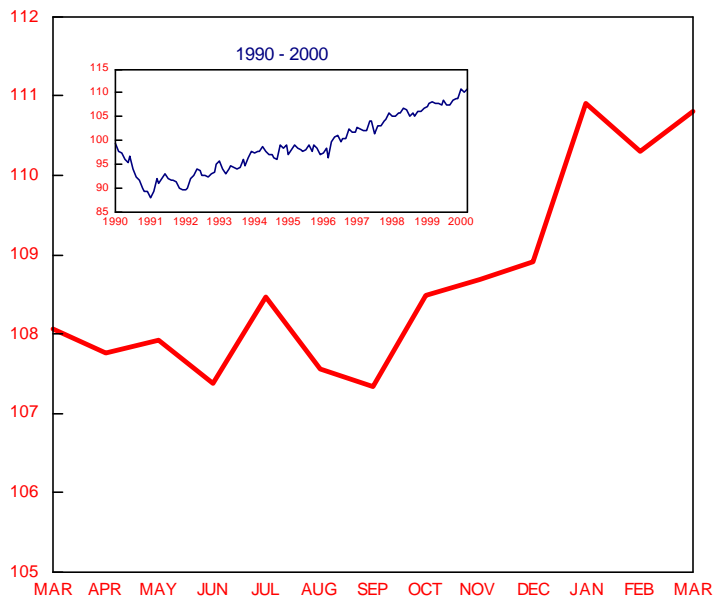
The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, increased to 121.8 in March 2000. This represents a 4.0 percent increase over March 1999. Three of the Index's four components were positive in March. Total wage and salary employment increased for the second consecutive month and for the sixth time in seven months. Consumer confidence and passenger volume at Reagan and Dulles airports increased for the second month in a row. Nondurable goods retail sales, however, declined after rising sharply in February.



FAIRFAX COUNTY LEADING INDEX



METROPOLITAN LEADING INDEX



The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, increased slightly in March to 107.4, up 0.5 percent from its February level. Despite this month's gain, the leading index is up only 0.1 percent over March 1999, suggesting that slower growth may be on the horizon. In March, three of the Index's five components contributed to its gain. New automobile registrations increased sharply and were positive for the second consecutive month. Initial claims for unemployment decreased sharply (improved) and residential building permits increased slightly after having decreased in both January and February. Consumer expectations (consumer confidence six months hence) decreased for the second time since January's peak and the total value of residential building permits declined.



The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, rose to 110.8 in March, up 0.5 percent over February. Although the index has been volatile over the last twelve months, it is still trending upwards, gaining 2.5 percent since March 1999. In March, three of the index's five components contributed to its gain. Total residential building permits were up sharply in March after two monthly declines. Initial claims for unemployment insurance declined (improved) in March, and durable goods retail sales gained for a second month following a substantial decline in January. Consumer expectations (consumer confidence six months hence) decreased for a second month since peaking in January and the Help Wanted Index declined slightly for a second consecutive month.



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